

HEALTH AND SAFETY CODE

SECTION 50517.5-50517.11

(JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM)

50517.5. (a) (1) The department shall establish the **Joe Serna, Jr. Farmworker Housing Grant Program** under which, subject to the availability of funds therefor, grants or loans, or both, shall be made to local public entities, nonprofit corporations, and limited partnerships, for the construction or rehabilitation of housing for agricultural employees and their families. Under this program, grants or loans, or both, may also be made for the cost of acquiring the land and any building thereon in connection with housing assisted pursuant to this section and for the construction and rehabilitation of related support facilities necessary to the housing. In its administration of this program, the department shall disburse grants or loans, or both, to the local public entities, nonprofit corporations, or limited partnerships or may, at the request of the local public entity, nonprofit corporation, or limited partnership that sponsors and supervises the rehabilitation or construction program, disburse grant funds to agricultural employees who are participants in a rehabilitation or construction program sponsored and supervised by the local public entity, nonprofit corporation, or limited partnership. No part of a grant or loan made pursuant to this section may be used for project organization or planning.

(2) Notwithstanding any other provision of this chapter, upon the request of a grantee, if funds are used in conjunction with low-income housing tax credits, the program also may loan funds to a grantee at no more than 3 percent simple interest. Principal and accumulated interest is due and payable upon completion of the term of the loan. For any loan made pursuant to this subdivision, the performance requirements of the lien shall remain in effect for a period of no less than the original term of the loan.

(3) The program shall be administered by the Director of Housing and Community Development and officers and employees of the department as he or she may designate.

(b) (1) The Joe Serna, Jr. Farmworker Housing Grant Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, all money in the fund is continuously appropriated to the department for making grants or loans, or both, pursuant to this section and Section 50517.10, for purposes of Chapter 8.5 (commencing with Section 50710), and for costs incurred by the department in administering these programs.

(2) There shall be paid into the fund the following:

(A) Any moneys appropriated and made available by the Legislature for purposes of the fund.

(B) Any moneys that the department receives in repayment or return of grants or loans from the fund, including any interest therefrom.

(C) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(D) All moneys appropriated to the department for the purposes of Chapter 8.5 (commencing with Section 50710) and any moneys received by the department from the occupants of housing or shelter provided pursuant to Chapter 8.5 (commencing with Section 50710). These moneys shall be separately accounted for from the other moneys deposited in the fund.

(c) Grants and loans made pursuant to this section shall be matched by grantees with at least equal amounts of federal moneys, other cash investments, or in-kind contributions.

(d) With respect to the supervision of grantees, the department shall do the following:

(1) Establish minimum capital reserves to be maintained by grantees.

(2) Fix and alter from time to time a schedule of rents that may be necessary to provide residents of housing assisted pursuant to this section with affordable rents to the extent consistent with the maintenance of the financial integrity of the housing project. No grantee shall increase the rent on any unit constructed or rehabilitated with the assistance of funds provided pursuant to this section without

the prior permission of the department, which shall be given only if the grantee affirmatively demonstrates that the increase is required to defray necessary operating costs or avoid jeopardizing the fiscal integrity of the housing project.

(3) Determine standards for, and control selection by grantees of, tenants and subsequent purchasers of housing constructed or rehabilitated with the assistance of funds provided pursuant to this section.

(4) (A) Require as a condition precedent to a grant or loan, or both, of funds that the applicant have site control that is satisfactory to the department; that the grantee be record owner in fee of the assisted real property or provide other security that is satisfactory to the department to ensure compliance with the construction, financial, and program obligations; and that the grantee shall have entered into a written agreement with the department binding upon the grantee and successors in interest to the grantee. The agreement shall include the conditions under which the funds advanced may be repaid. The agreement shall include provisions for a lien on the assisted real property in favor of the State of California for the purpose of securing performance of the agreement. The agreement shall also provide that the lien shall endure until released by the Director of Housing and Community Development.

(B) In the event that funds granted or loaned pursuant to this section constitute less than 25 percent of the total development cost or value, whichever is applicable, of a project assisted under this section, the department may adopt, by regulation, criteria for determining the number of units in a project to which the restrictions on occupancy contained in the agreement apply. In no event may these regulations provide for the application of the agreement to a percentage of units in a project that is less than the percentage of total development costs that funds granted or loaned pursuant to this section represent.

(C) Contemporaneously with the disbursement of the initial funds to a grantee, the department shall cause to be recorded, in the office of the county recorder of the county in which the assisted real property is located, a notice of lien executed by the Director of Housing and Community Development. The notice of lien shall refer to the agreement required by this paragraph for which it secures and it shall include a legal description of the assisted real property that is subject to the lien. The notice of lien shall be indexed by the recorder in the Grantor Index to the name of the grantee and in the Grantee Index to the name of the State of California, Department of Housing and Community Development. The department shall adopt by regulation criteria for the determination of the lien period. This regulation shall take into account whether the property is held by multifamily rental, single-family ownership, or cooperative ownership and whether it is new construction or rehabilitative construction.

(D) Pursuant to regulations adopted by the department, the department may execute and cause to be recorded in the office of the recorder of the county in which a notice of lien has been recorded, a subordination of the lien. The regulations adopted by the department shall provide that any subordination of the lien shall not jeopardize the security interest of the state and shall further the interest of farmworker housing. The recitals contained in the subordination shall be conclusive in favor of any bona fide purchaser or lender relying thereon.

(5) Regulate the terms of occupancy agreements or resale controls, to be used in housing assisted pursuant to this section.

(6) Provide bilingual services and publications, or require grantees to do so, as necessary to implement the purposes of this section.

(7) The agreement between the department and the grantee shall provide, among other things, that both of the following occur:

(A) Upon the sale or conveyance of the real property, or any part thereof, for use other than for agricultural employee occupancy, the grantee or its successors shall, as a condition for the release of the lien provided pursuant to paragraph (4), repay to the fund the department's grant and loan funds.

(B) Upon the sale or conveyance of the real property or any part thereof for continued agricultural employee occupancy, the transferee shall assume the obligation of the transferor and the real property

shall be transferred to the new owner; provided that the transferee agrees to abide by the agreement entered into between the transferor and the department and that the new owner takes the property subject to the lien provided pursuant to paragraph (4), except that this lien shall, at the time of the transfer of the property to the new owner, be extended for an additional lien period determined by the department pursuant to paragraph (4), and the new owner shall not be credited with the lien period that had run from the time the transferor had acquired the property to the time of transfer to the new owner, unless the department determines that it is in the best interest of the state and consistent with the intent of this section to so credit the lien period to the new owner. However, the lien shall have priority as of the recording date of the lien for the original grantee, pursuant to paragraph (4).

(e) The department may do any of the following with respect to grantees:

(1) Through its agents or employees enter upon and inspect the lands, buildings, and equipment of a grantee, including books and records, at any time before, during, or after construction or rehabilitation of units assisted pursuant to this section. However, there shall be no entry or inspection of any unit that is occupied, whether or not any occupant is actually present, without the consent of the occupant.

(2) Supervise the operation and maintenance of any housing assisted pursuant to this section and order repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing.

(f) The department shall include in its annual report required by Section 50408, a current report of the Joe Serna, Jr. Farmworker Housing Grant Program. The report shall include, but need not be limited to, (1) the number of households assisted, (2) the average income of households assisted and the distribution of annual incomes among assisted households, (3) the rents paid by households assisted, (4) the number and amount of grants or loans, or both, made to each grantee in the preceding year, (5) the dollar value of funding derived from sources other than the state for each project receiving a grant or loan, or both, under this section, and an identification of each source, (6) recommendations, as needed, to improve operations of the program and respecting the desirability of extending its application to other groups in rural areas identified by the department as having special need for state housing assistance, and (7) the number of manufactured housing units assisted under this section.

(g) As used in this section:

(1) "Agricultural employee" has the same meaning as specified in subdivision (b) of Section 1140.4 of the Labor Code, but also includes any person who works at a packing shed for a labor contractor or other entity that contracts with an agricultural employer in order to perform services in connection with handling, drying, packing, or storing any agricultural commodity in its raw or natural state, whether or not this person is encompassed within the definition specified in subdivision (b) of Section 1140.4 of the Labor Code.

(2) "Grantee" means the local public entity, nonprofit corporation, or limited partnership that is awarded the grant or loan, or both, under this section, and, at the request thereof, may include an agricultural employee receiving direct payment of a grant for rehabilitation under this section who occupies the assisted housing both before and after the rehabilitation and may include an agricultural employee receiving direct payment of a grant for construction under this section who will occupy the assisted housing and who is a participant in a rehabilitation or construction program sponsored and supervised by a local public entity, nonprofit corporation, or limited partnership.

(3) "Housing" may include, but is not necessarily limited to, conventionally constructed units and manufactured housing.

(4) "Limited partnership" means a limited partnership where all of the general partners are nonprofit mutual or public benefit corporations.

(h) The department may provide the assistance offered pursuant to this chapter in any area where there is a substantial unmet need for farmworker housing.

(DEFAULTS)

50517.6. (a) The department may set aside the amount of funds authorized by subdivision (d) for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the dwelling unit assisted pursuant to this chapter.

(b) The department may use the set-aside funds made available pursuant to this chapter to repair or maintain any dwelling unit assisted pursuant to this chapter that was acquired to protect the department's security interest in the dwelling unit.

(c) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to any grant amount secured by the lien and shall be payable to the department upon demand.

(d) On the effective date of the act that adds this section, the department may set aside up to two hundred thousand dollars (\$200,000) from the Joe Serna, Jr. Farmworker Housing Grant Fund for the purposes authorized by this section. On July 1 of each subsequent fiscal year, the department may set aside, for the purposes of this section, up to 4 percent of the funds available in the Joe Serna, Jr. Farmworker Housing Grant Fund on that date.

(DISASTERS)

50517.7. In counties in which a disaster has been declared by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code and for a period of 12 months after the declaration, the department may provide grants from the fund established by subdivision (b) of Section 50517.5, subject to the following terms and conditions, which are applicable only to this section:

(a) Grants may be made to local public entities, nonprofit corporations, and housing owners comprised of either homeowners who are agricultural employees or owners of rental property used primarily by agricultural households.

(b) The department may enter into master agreements with nonprofit corporations or local public entities or it may enter into contracts directly with housing owners to carry out the activities authorized by this section.

(c) The department may make grants directly to housing owners or through master agreements for the cost of preparation of applications for funds, and supervision of expenditures from the fund, including, but not limited to estimates, work writeups, bidding supervision, and inspections. Funds granted pursuant to this subdivision shall not be secured by, and subject to, the liens required by Section 50517.5.

(d) The department, either directly or through master agreements, may provide grants to housing owners which shall be used for housing rehabilitation or acquisition and rehabilitation, and related costs, other than those costs accruing pursuant to subdivision (c). Only those funds from the fund which are actually utilized pursuant to this subdivision shall be secured by, and subject to, the liens required by Section 50517.5.

(e) The department may waive the matching requirements of subdivision (c) of Section 50517.5.

(UDSA/RD 502 GRANTEES)

50517.8. A household deemed eligible by the United States Department of Agriculture, under the Rural Housing Loan Program of Section 502 of Title V of the Housing Act of 1949 (42 U.S.C. Sec. 1472 et seq.), on the basis of the household's ratio of housing costs to household income shall be deemed eligible

for a grant pursuant to this chapter notwithstanding the department's calculation of the ratio of housing costs to income utilizing different and additional housing cost factors.

(1997 FLOODS)

50517.9. (a) In enacting this section, it is the intent of the Legislature to provide disaster assistance for farmworkers displaced by the 1997 floods in the most expeditious and fiscally sound manner possible. It is the intent of the Legislature that the Department of Housing and Community Development administer this section accordance with those goals.

(b) In counties in which a disaster has been declared by the Governor pursuant to Section 8625 of the Government Code, and for a period of 12 months after the declaration, the department may award funds for the purposes of this section, subject to the following terms and conditions:

(1) Loans may be made to local public entities, nonprofit corporations, and private property owners to repair, rehabilitate or replace housing previously used exclusively by migrant farmworker households or unaccompanied migrant farmworker adults, which will be used in the future for those purposes. Loan funds may be used to acquire or lease "manufactured structures" which, for the purposes of this section, means structures subject to Part 2 (commencing with Section 18000) of Division 13. Private property owners shall be eligible for loans only to the extent that other federal and state resources, private insurance proceeds, or private institutional lending sources are not available in a timely manner or do not provide the coverage needed to rehabilitate or reconstruct the housing without increasing the rent above that charged for the units prior to the disaster.

(2) The department may enter into contracts directly with nonprofit corporations, local public entities, or private property owners to carry out the activities authorized by this section.

(3) Loans made under this section shall be secured by, and subject to, security instruments approved by the department, including, but not limited to, real property leases or liens, regulatory agreements, and liens on manufactured structures. The department shall establish loan terms and conditions with consideration to the financial feasibility and prudent operation of the housing units financed. In no event shall the loans require interest at a rate higher than three percent simple interest or have a term longer than the useful life of the housing units. Repayments may be deferred for the first five years of the loan term, if the department determines that it is necessary for fiscal integrity or to prevent foreclosure.

(4) In making any loan, the department shall require that the borrower meet all of the following conditions:

(A) The borrower shall be capable of providing occupancy in decent, safe and sanitary housing that meets all of the requirements of law within six months after the award of funds.

(B) The borrower shall demonstrate the financial feasibility of the project.

(C) Prior to disbursement of funds, the borrower shall identify the property on which the housing will be repaired, rehabilitated or replaced, and provide information satisfactory to the department related to the costs and sources of funding necessary to complete the repairs, rehabilitation or replacement. All costs shall be reasonable, considering the necessity of expeditious rehabilitation or replacement.

(5) Priority for use of the funds shall be given to borrowers who will provide housing at the earliest date.

(6) All units assisted under this section shall remain affordable to low- and very low income households for the life of the project. For the 1997-98 growing season, farmworkers who previously occupied the damaged or destroyed housing shall have first priority to occupy any unit assisted under this section.

(7) If units assisted under this section are built or rehabilitated in the same natural disaster zone as the units damaged or destroyed by the disaster, the borrower shall maintain disaster insurance on the units for the useful life of the units. For purposes of this section, "disaster insurance" means fire,

earthquake, flood, or other insurance against the natural disaster that damaged or destroyed the housing units.

(8) To the extent that any housing unit that was damaged or destroyed is reconstructed under this section with substantially the same number of units, it shall be deemed to be "existing housing" for the purposes of subdivision (d) of Section 37001.5.

(9) The department may waive any requirements of Section 50517.5 and any regulations promulgated thereunder which are inconsistent with prompt and effective implementation of the program described in this section. In addition, any rule, policy, or standard of general application employed by the department in implementing the provision of this section shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 12 of Division 3 of Title 2 of the Government Code. Awards of funds made pursuant to this section shall not be subjected to review or approval by the Local Assistance Loan and Grant Committee of the department operating pursuant to Subchapter 1 (commencing with Section 6900) of Chapter 6.5 of Title 25 of the California Code of Regulations.

(GRANTS & LOANS FOR MIGRANT FARMWORKERS)

50517.10. In addition to the purposes specified in subdivision (a) of Section 50517.5, the department may make grants and loans under the Joe Serna, Jr. Farmworker Housing Grant Program to local public entities and nonprofit corporations in order to establish capitalized operating reserves for short-term occupancy housing for migrant farmworker households, purchase land for, and construct, housing structures for short-term occupancy by migrant farmworker households, lease or purchase existing structures for short-term occupancy by migrant farmworker households, and, where the department determines that extraordinary or emergency circumstances exist, directly rent or lease housing for short-term occupancy by migrant farmworker households.

(JOE SERNA, JR. FARMWORKER FAMILY WELLNESS PROGRAM)

50517.11. (a) The Legislature finds and declares all of the following:

(1) California's hard-working agricultural workers have made critical contributions to California's agricultural economy for many generations.

(2) The health, housing, and economic and social conditions of agricultural workers have been long ignored by public policy, such that this lowest-paid segment of our labor force has lived in poverty conditions, with inadequate health care, housing, and other services.

(3) The late Mayor of Sacramento, Joe Serna, Jr., who grew up as a farmworker and provided an inspiration by making invaluable contributions to society, maintained a lifelong interest in improving the conditions of agricultural workers and their families and children.

(4) Housing is a primary determinant of health.

(5) While California has established a Farmworker Housing Grant Program, it has not attempted to integrate its housing programs with broader programs to ensure the health and improve the conditions of agricultural worker families.

(b) It is the intent of the Legislature to enact the "Joe Serna, Jr. Farmworker Family Wellness Act," to provide for all of the following:

(1) Integration, coordination, and expansion of health services to achieve the goal of advancing comprehensive strategies for improving the health status of agricultural workers and their families.

(2) Integration, coordination, and expansion of community-based services, including housing, educational, recreational, and social services, to serve the varied needs of agricultural worker families.

(3) A means for integration and coordination of public, private, and nonprofit services in conjunction with the Joe Serna, Jr. Farmworker Housing Grant Program to maximize the effectiveness of services to agricultural worker families.

c) (1) There is hereby created the Joe Serna, Jr. Farmworker Family Wellness Program, to provide for the integration of family health and other family services with the housing component of Section 50517.5. The program shall contain elements that provide for all of the following:

(A) The provision of housing and the provision of health and other family services for agricultural workers in a coordinated manner.

(B) Involvement of agricultural workers in decisions about priorities for programs and services that are needed.

(C) The participation of other community partners, including schools, in a collaborative effort to provide these programs and services in conjunction with the construction of new housing or the rehabilitation of existing housing.

(2) Subject to funding in the Budget Act of 2000 for a program to link up farmworker housing grant funds to housing developments that also provide health and other family services, the Department of Housing and Community Development may enter into a memorandum of understanding (MOU) or contract for the implementation of this program with a nonprofit corporation that demonstrates statewide experience, capacity, and capability in designing, financing, and implementing programs for providing housing for agricultural workers and integrating health services with the provision of farmworker housing. The MOU or contract shall provide that the nonprofit corporation shall process and approve applications received from potential grantees, oversee project development and implementation, and oversee the long-term monitoring and compliance required by Section 50517.5 and this section. The MOU or contract shall include the criteria for consultation with the department or department approval of various components of the program and an expedited process with the intent of providing approvals in a shortened timeframe. The department may prescribe conditions related to the deposit, use, and accounting of funds for operation of the program. The MOU or contract shall further provide that the department funds awarded to any grantee by the nonprofit corporation be used in conjunction with the nonprofit corporation's funds in both the housing construction or rehabilitation component as well as the health and family services component. The nonprofit corporation's funds may be used as all or a portion of the match required by subdivision (c) of Section 50517.5.

(3) The department shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(4) A nonprofit corporation selected pursuant to paragraph (2) shall report the information required by this paragraph to the Department of Housing and Community Development and the department shall report to the Legislature the results of the Joe Serna, Jr. Farmworker Family Wellness Program on or before December 31, 2002. The report shall include all of the following:

(A) Details of the MOU.

(B) Number of grants awarded to grantees.

(C) Details about the projects operated using grant funds identifying information related to all of the elements provided in paragraph (1).

(D) Number of new housing units built, rehabilitated, or under construction.

(E) Details about the physical and other benefits received by agricultural workers and their families from participation in the health and family services programs while living in the housing units assisted by this program.

(d) The department shall not enter into a new MOU or contract or commit additional funding to the program after January 1, 2004, except for costs and activities related to long-term compliance and monitoring of projects assisted pursuant to this section.